



Property Cap Rate



Gross Income



ex:



= R9,000/month

12 months = 1 year

$12 \times 9,000 = \text{R}108,000$ per year

Net Income



R108,000 (Gross Income)

- R6,000 property management
- R3,600 maintenance
- R6,480 Taxes
- R7,800 insurance

R84,120 (Net Income)

$$\text{R}84,120 \text{ (Net Income)} / \text{R}700,000 \text{ (Purchase Price)} \\ = 0.12$$

= 12% CAP RATE

